



Appropriations Update

Committee on the Budget • Majority Caucus
U.S. House of Representatives
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Volume 4, No. 14

7 October 2004

CONTINUING APPROPRIATIONS FOR FISCAL YEAR 2005 (H.J.RES. 107)

SUMMARY

On 30 September 2004, the President signed H.J.Res. 107 (Public Law 108-309), making continuing appropriations for fiscal year 2005. As scored by the Congressional Budget Office [CBO], the continuing resolution [CR] brought to the House floor resulted in \$840.649 billion in budget authority on an annualized basis – thereby exceeding spending limits in the budget resolution and thus violating the Congressional Budget Act. Subsequent legislation – which has passed the House – will, if enacted, bring the cost of discretionary appropriations below the budget resolution limit.

H.J.Res. 107 provides for the ongoing government operations through 20 November 2004. It is necessary because regular appropriations for fiscal year 2005 have been enacted for only the Defense bill. For programs and activities funded in 2004 by the remaining 12 appropriations bills, the CR funds each at the current rate of operations until either: 1) the enactment of an appropriation covering the project or activity; or 2) the expiration of the CR.

The “current rate” of funding provided by the CR is calculated by assuming that all supplemental appropriations are re-appropriated every year – which is why the measure exceeds the budget resolution limit. In 2004, three supplemental appropriations measures were enacted to cover extraordinary spending needs such as the costs of war, Iraq

reconstruction, and natural disaster recovery. That spending, to the extent it was not superceded by subsequent appropriations, is assumed to repeat under the CR. This, in effect, doubles the spending provided in the supplemental appropriations. A similar circumstance arose in fiscal year 2004 and was ultimately corrected legislatively.

In addition, the legislation provides higher funding for the Special Supplemental Nutrition Program for Women, Infants, and Children [WIC], the Election Assistance Commission, and a presidential transition. The measure also includes provisions to reallocate appropriations made for the Iraq Relief and Reconstruction Fund (originally provided in Public Law 108-106) within current purposes.

The CR authorizes several mandatory programs set to expire, including the QI-1 Program (Medicare Part B premium assistance), administrative expenses for highway and mass transit programs, the continuation of Higher Education Act programs (including student loan programs), the continuation of fee collection authority for the Small Business Administration Section 504 Loan Program, and the continued collection of surface mining fees. The measure also includes language directing the Budget Committee to charge the respective authorizing committees with the mandatory spending arising from these provisions.

Table 1: Continuing Resolution for Fiscal Year 2005

Excluding Defense Appropriations Bill
(fiscal years; millions of dollars)

	2004 excl. Supp. ^a	2004 incl. Supp.	302 (b)s for 2005	CR
Budget Authority	423,396	449,568	430,988	449,718
Outlays	457,476	464,386	489,761	488,570

^a Does not include \$22.716 billion in BA and \$5.898 billion in outlays included in the fiscal year 2004 Iraq conflict supplemental (PL 108-106); in addition it does not include the \$1.456B in BA and \$390 million in outlays included in the 2005 Defense Appropriations bill for non-Defense agencies (PL 108-287), or the \$2.0 billion in BA and \$622 million in outlays included in the FEMA Supplemental (PL 108-303).

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**Table 2: Discretionary Spending Provided in the Continuing Resolution
By Appropriations Subcommittee**
(in millions of dollars)

	2005 302(b) Budget Authority ^a	2005 302(b) Outlays ^a	2005 CR Budget Authority	2005 CR Outlays	Difference BA	Difference Outlays
Agriculture	16,841	18,113	17,120	18,272	279	159
Commerce, Justice, State	39,815	40,463	38,978	39,209	-837	-1,254
District of Columbia	560	554	542	528	-18	-26
Energy and Water Development	27,993	27,973	27,266	27,464	-727	-509
Foreign Operations	19,386	26,735	38,785	32,241	19,399	5,506
Homeland Security	32,000	29,873	32,986	29,052	986	-821
Interior	20,039	20,214	20,637	20,116	598	-98
Labor, Health and Human Services	142,526	141,117	140,005	140,389	-2,521	-728
Legislative Branch	3,575	3,696	3,559	3,597	-16	-99
Military Construction	10,003	10,015	9,844	10,390	-159	375
Transportation-Treasury	25,320	68,993	28,547	70,398	3,227	1,405
Veterans Affairs-Housing and Urban Development	92,930	101,732	91,449	96,914	-1,481	-4,818
Allowances	0	283	0	0	0	-283
Total	430,988	489,761	449,718	488,570	18,730	-1,191

^aFrom House Report 108-633.

COST OF THE LEGISLATION

The full-year cost of this continuing resolution results in discretionary spending that is \$18.730 billion above the \$821.919 billion in budget authority [BA] provided to the Appropriations Committee by the budget resolution. (Under congressional procedures, the cost of a short-term continuing resolution is determined on an annualized basis; that is, the estimate assumes the measure would extend for the entire fiscal year. This is also how other short-term extension measures are scored.)

As shown in Table 1, on the previous page, the CR itself provides \$449.718 billion in discretionary BA for fiscal year 2005. This amount is \$150 million above the cost of enacted 2004 appropriations for programs funded by the CR. This includes the extraordinary costs of the fiscal year 2004 Iraq conflict supplemental (Public Law. 108-106); non-Department of Defense supplemental funds included in the fiscal year 2005 Defense appropriations bill (Public Law 108-287); and supplemental fiscal year 2005 disaster relief funds (Public Law 108-303). It is also \$26.322 billion above the 2004 level, if the supplemental spending is excluded. The cost of the CR includes the cost of discretionary appropriations for the Election Assistance Commission

(\$7.5 million) and presidential transition costs (\$2.5 million), and an increase of \$475 million for the costs of the WIC program.

The bill also includes continued funding for two mandatory programs: \$120 million for the administrative functions of Federal highway and transit programs, and \$23 million for the Medicare QI-1 program. As discussed under “Authorization Issues” below, the measure includes language directing the costs of these mandatory programs to be counted against the allocations of their respective authorizing committees.

Finally, the CR authorizes the collection of surface mining fees, which are considered to be revenue, at a savings of \$25 million. Revenue provisions are counted not against House committees’ allocations, but against the total revenue change established in the budget resolution. It is permissible under the Budget Act to increase Federal revenue so long as the increase first occurs in the budget year.

The administration’s Office of Management and Budget [OMB] has issued a Bulletin (#04-05) to limit the

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availability of BA appropriated by Congress. But this directive could be lifted at a later date. Therefore, on 4 October 2004, the House passed, by voice vote, H.R. 5202, which requires that only the accounts specified in OMB's

Bulletin can continue spending in last year's supplemental appropriations. Enactment of this measure will result in total discretionary BA for 2005 of \$816.099 billion, which is \$5.820 below the amount provided by the budget resolution.

COMPLIANCE WITH THE BUDGET RESOLUTION

H.J.Res. 107 does not comply with provisions of the Congressional Budget Act. As noted, the bill causes discretionary spending to exceed the 302(a) allocation to the Appropriations Committee set by the budget resolution for fiscal year 2005 (S.Con.Res. 95, as applied in the House of Representatives by H.Res. 649, 108th Congress). In addition, because the total exceeds the total allocation, the amounts provided by the CR also exceed the 302(b) suballocations for some subcommittees (see Table 2). Each of these excesses violates the Congressional Budget Act.

As noted above, these violations result from including supplemental appropriations for fiscal year 2004 in the spending base of the CR. Excluding these appropriations would bring spending from the continuing resolution below the section 302(a) allocation. This is the effect of the House-passed H.R. 5202, described above. It should be noted that such one-time supplemental funds were not included in the last continuing resolution adopted for fiscal year 2004 in order to ensure the CR would not exceed its 302(a) or 302(b) allocations.

AUTHORIZATION ISSUES

The extensions of previously enacted programs related to the Medicare QI-1 Program and highway and transit programs funded through the highway trust fund were added to ensure that these programs would continue despite the potential expiration of their authorizations. The measure includes a provision directing the costs of these provisions, respectively, to be charged against the Ways and Means Committee and the Transportation and Infrastructure Committee. Although such a directive falls within the

Budget Committee's jurisdiction, the Chairman did not object because the CR was used simply as a convenient vehicle for enacting the provisions. (The budget resolution allocations assumed these committees would handle the reauthorization.)

Several other reauthorizations, including those under the Higher Education Act (such as student loan programs) and small business loan programs, did not have costs.

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